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Patagonia Registers as First Benefit Corporation in California

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Patagonia became the first company in California to elect benefit corporation status, which means it would be required by law to create positive impact on the environment, society at large and local community with complete transparency and "mission-driven" values and goals.



Patagonia founder, Yvon Chouinard, known for his environmental stewardship, led the largest group of businesses to register on the legislation's first effective date among the seven states that have passed benefit corporation laws. A dozen CEOs filed their documents first thing Jan. 3 as the offices of the California Secretary of State opened. Scores of other businesses have expressed interest in registering in the next few months.

"After the 'year of the protester,' it's inspiring that a group of business leaders are taking action to create a positive alternative," said Jay Coen Gilbert, co founder of B Lab, a non-profit organization that supported the legislation.

Benefit corporations are a new kind of corporation legally required to:

- Have a corporate purpose to create a material positive impact on society and the environment;
- Redefine fiduciary duty to require consideration of the interests of workers, community and the environment; and
- Publicly report annually on its overall social and environmental performance using a comprehensive, credible, independent, and transparent third party standard.

Current law requires corporations to prioritize the financial interests of shareholders over the interests of workers, communities, and the environment, Patagonia said in a statement.

* "Patagonia is trying to build a company that could last 100 years," said Chouinard. "Benefit corporation legislation creates the legal framework to enable mission-driven companies like Patagonia to stay mission-driven through succession, capital raises, and even changes in ownership, by institutionalizing the values, culture, processes, and high standards put in place by founding entrepreneurs."

Mike Hannigan, president and co-founder of Give Something Back Office Supplies, whose company also filed said: "It is safe to declare a successful end to the 'beta test' phase of socially responsible business. We have been giving customers their money's worth and a whole lot more for more than 20 successful years. This important legal framework marks another giant step of mission-driven business towards the mainstream."

New York, New Jersey, Virginia, and Hawaii passed similar legislation in 2011, joining Vermont and Maryland who did so in spring 2010. Benefit corporation legislation has also been introduced in Michigan, Pennsylvania, North Carolina, and the District of Columbia. Legislation has enjoyed strong bi-partisan support in every state, according to a Patagonia statement.

The California bill had significant business support, including that of more than 200 individual California businesses, 12 business associations -- including the Silicon Valley Leadership Group and the U.S. Green Building Council -- standards organizations such as GreenSeal, and more than 3,000 California citizens through the advocacy efforts of Care2.com.

Patagonia and Give Something Back Office Supplies were the only First Day Registered retail companies.

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